

An aerial photograph of Atlanta, Georgia, showing a dense urban landscape with numerous buildings, roads, and green spaces. The image is slightly faded to serve as a background for the text.

Impact Fee Study

prepared for
the City of Atlanta, Georgia

duncan | associates

April 2020

DRAFT OF EXECUTIVE/TECHNICAL SUMMARIES

EXECUTIVE SUMMARY

This study updates the City's transportation, park, fire, and police impact fees. The impact fee study and ordinance have not been updated since originally adopted in 1993.¹ Potential update studies were prepared in 2010 and 2017, but were not adopted. This study relies on detailed facility inventories and cost information from the 2017 study,² adjusted upward to account for construction cost inflation. This study also updates key inputs, including land use estimates and projections, demographic characteristics of housing, travel demand factors, revenue credits and the current system evaluation.

Need for Update

The City's fees are based on levels of service and costs more than a quarter-century old and much has changed in the 27 years since Atlanta's original impact fees were adopted. In this time, construction costs have more than doubled and land costs are substantially higher than they were in 1993. Large area designations once targeted for impact fee exemptions are no longer in active use by the City. Further reasons for updating the current program include the following:

- Current transportation impact fees are exclusively focused on adding vehicular roadway capacity, while the City has an equally-important need for multi-modal improvements.
- Current transportation impact fees cover the cost of arterial roads, but not collector roads, which get the bulk of City improvements. Trip generation rates are based on the 1991 5th edition of the ITE manual, rather than the current 2017 10th edition.
- Current park fees cover only land and site development costs, but not park improvements.
- The “recoupment approach” taken in 1993 was designed to fund exemptions by setting the adopted levels of service low for park, fire and police fees, based on projected development seven or more years in the future assuming no improvements.
- Any new procedures for programming transportation impact fees should comply with State requirements imposed in 2007. These require consideration of the proximity to new development and the greatest effect on level of service when programming transportation impact fee expenditures, with annual review by the impact fee advisory committee.

Continued reliance on outmoded data and procedures is not recommended

Key Recommendations

- Adopt an updated impact fee program that reflects 2020 policy and cost realities.
- Modify transportation fees to include the cost of City collector roads and exclude the cost of the City's share of State/Federal roads.
- Modify park fees to include improvement costs. Currently, park fees cover only land and site development costs and exclude park improvements.
- Base updated park, fire and police fees on existing levels of service, discontinuing the recoupment approach.

¹ Duncan Associates, *City of Atlanta Impact Fee Study*, March 1993

² Duncan Associates, *City of Atlanta Impact Fee Study*, July 2017

- Require transportation fees to be spent only on priority projects identified in the *Comprehensive Transportation Plan*, with the exception of small multi-modal projects not specifically identified that further a major goal of the Plan.
- Establish three transportation impact fee service areas, consistent with the current park service area boundaries, as partial consideration of the proximity of improvements to areas where fees are paid. Use other techniques such as “heat maps” to visually represent where fees have been paid in evaluating proximity within service areas.
- Maintain an on-going Impact Fee Advisory Committee that meets at least annually to review the planned transportation projects to be included in the Capital Improvements Element (CIE). Limit amendments to the transportation CIE to once a year to ensure thorough vetting..
- Adopt uniform city-wide transportation and park fees based on the Northside service area.
- Fund well-defined affordable housing and economic development exemptions by tracking off-setting non-impact fee expenditures.

Current Fees

Atlanta’s current impact fee schedule is presented in Table 1. Transportation fees were adopted at 100% city-wide. Park fees were based on a uniform city-wide level of service that was lower than the existing level of service in all three service areas for recoupment purposes. Northside park fees were higher because of higher land costs. Park fees were adopted at 50% of the calculated fees. Fire and police fees were also calculated on lower-than-existing levels of service, but adopted at 100%.

Table 1. Current Impact Fees

Land Use Type	Unit	Roads*	Parks		Fire	Police	Total North	Total S/W
			North	S/W				
Adoption Rate:		100%	50%	50%	100%	100%		
Single-Family	Dwelling	\$987	\$410	\$246	\$114	\$33	\$1,544	\$1,380
Multi-Family	Dwelling	\$470	\$285	\$171	\$79	\$23	\$857	\$743
Hotel/Motel	Room	\$793	\$183	\$110	\$51	\$15	\$1,042	\$969
Commercial <100 ksf	1,000 sq ft	\$1,304	\$713	\$428	\$199	\$57	\$2,273	\$1,988
Commercial 100-199 ksf	1,000 sq ft	\$1,189	\$584	\$350	\$163	\$47	\$1,983	\$1,749
Commercial 200-299 ksf	1,000 sq ft	\$1,246	\$535	\$321	\$146	\$42	\$1,969	\$1,755
Commercial 300-399 ksf	1,000 sq ft	\$1,327	\$486	\$292	\$136	\$39	\$1,988	\$1,794
Commercial 400-499 ksf	1,000 sq ft	\$1,408	\$463	\$278	\$129	\$37	\$2,037	\$1,852
Commercial 500-599 ksf	1,000 sq ft	\$1,350	\$441	\$265	\$124	\$35	\$1,950	\$1,774
Commercial 600-999 ksf	1,000 sq ft	\$1,466	\$401	\$241	\$112	\$32	\$2,011	\$1,851
Commercial 1,000 ksf+	1,000 sq ft	\$1,616	\$370	\$222	\$104	\$30	\$2,120	\$1,972
Office, <50,000 sq. ft.	1,000 sq ft	\$2,416	\$267	\$161	\$74	\$21	\$2,778	\$2,672
Office, 50,000-99,999 sq. ft.	1,000 sq ft	\$1,977	\$254	\$153	\$71	\$20	\$2,322	\$2,221
Office, 100-199 ksf	1,000 sq ft	\$1,608	\$241	\$145	\$67	\$19	\$1,935	\$1,839
Office, 200-499 ksf	1,000 sq ft	\$1,239	\$232	\$139	\$64	\$18	\$1,553	\$1,460
Office, 500 ksf+	1,000 sq ft	\$1,008	\$223	\$134	\$62	\$18	\$1,311	\$1,222
Elementary School	1,000 sq ft	\$0	\$437	\$262	\$122	\$35	\$594	\$419
High School	1,000 sq ft	\$623	\$445	\$267	\$124	\$36	\$1,228	\$1,050
Church	1,000 sq ft	\$519	\$192	\$115	\$53	\$15	\$779	\$702
Hospital	1,000 sq ft	\$1,424	\$477	\$286	\$133	\$38	\$2,072	\$1,881
Nursing Home	1,000 sq ft	\$124	\$348	\$209	\$97	\$28	\$597	\$458
Industrial	1,000 sq ft	\$1,025	\$169	\$102	\$47	\$14	\$1,255	\$1,188
Warehouse	1,000 sq ft	\$748	\$94	\$56	\$26	\$8	\$876	\$838

* fee reduced by 50% within 1,000 walking feet of a MARTA station

Source: City of Atlanta Impact Fee Schedule, effective March 26, 1993.

Updated Fees

Table 2 below summarizes the potential impact fees calculated in this report. City-wide transportation and park fees are recommended based on the level of service for the Northside service area, which has the lowest level of service of the three service areas. Note that these updated fees include the option of assessing single-family fees with either a flat rate or one that varies by size.

Total updated fees are more than double current fees for most land use categories. This is not a surprising outcome given construction costs have more than doubled and land prices have increased far more in the 27 years since they were adopted. Other factors driving higher fee levels relative to the 1993 study include expanding park fees to include improvement costs and multi-use trails, basing updated fees on the current level of service for parks, fire, and police facilities (the previous study used a recoupment approach), and assuming adoption at 100% (park fees were adopted at 50% in 1993).

Table 2. Updated Impact Fee Summary

Land Use Type	Unit	Transp.	Parks	Fire	Police	Total
Updated Fee						
Single-Family (avg.) - option 1	Dwelling	\$3,128	\$1,221	\$282	\$283	\$4,914
Single-Family (tiered) - option 2						
Less than 1,500 sq. ft.	Dwelling	\$2,940	\$1,129	\$260	\$262	\$4,591
1,500 to 2,499 sq. ft.	Dwelling	\$3,128	\$1,217	\$281	\$282	\$4,908
2,500 sq. ft. or greater	Dwelling	\$3,316	\$1,349	\$311	\$313	\$5,289
Multi-Family, Low-Rise (1-2 stories)	Dwelling	\$1,752	\$826	\$191	\$192	\$2,961
Multi-Family, Mid-Rise (3-10 stories)	Dwelling	\$1,376	\$785	\$181	\$182	\$2,524
Multi-Family, High-Rise (> 10 stories)	Dwelling	\$1,126	\$651	\$150	\$151	\$2,078
Hotel/Motel	Room	\$2,002	\$538	\$124	\$125	\$2,789
Retail/Commercial	1,000 sq. ft.	\$4,129	\$1,202	\$277	\$279	\$5,887
Office	1,000 sq. ft.	\$2,064	\$599	\$138	\$139	\$2,940
Hospital & Other Public/Institutional	1,000 sq. ft.	\$2,628	\$369	\$85	\$86	\$3,168
Nursing Home	1,000 sq. ft.	\$1,064	\$369	\$85	\$86	\$1,604
Elementary/Secondary School	1,000 sq. ft.	\$1,376	\$369	\$85	\$86	\$1,916
Church	1,000 sq. ft.	\$876	\$369	\$85	\$86	\$1,416
Industrial	1,000 sq. ft.	\$2,690	\$233	\$54	\$54	\$3,031
Warehouse	1,000 sq. ft.	\$813	\$129	\$30	\$30	\$1,002
Mini-Warehouse	1,000 sq. ft.	\$813	\$53	\$12	\$12	\$890
Percent Change						
Single-Family (avg.)	Dwelling	217%	198%	147%	758%	218%
Multi-Family, Low-Rise (1-2 stories)	Dwelling	273%	190%	142%	735%	246%
Multi-Family, Mid-Rise (3-10 stories)	Dwelling	193%	175%	129%	691%	195%
Multi-Family, High-Rise (> 10 stories)	Dwelling	140%	128%	90%	557%	142%
Hotel/Motel	Room	152%	194%	143%	733%	168%
Retail/Commercial	1,000 sq. ft.	247%	106%	70%	494%	197%
Office	1,000 sq. ft.	28%	149%	106%	632%	52%
Hospital	1,000 sq. ft.	85%	-23%	-36%	126%	53%
Nursing Home	1,000 sq. ft.	758%	6%	-12%	207%	169%
High School	1,000 sq. ft.	121%	-17%	-31%	139%	56%
Church	1,000 sq. ft.	69%	92%	60%	473%	82%
Industrial	1,000 sq. ft.	162%	38%	15%	286%	142%
Warehouse	1,000 sq. ft.	9%	37%	15%	275%	14%
Mini-Warehouse	1,000 sq. ft.	9%	-44%	-54%	50%	2%

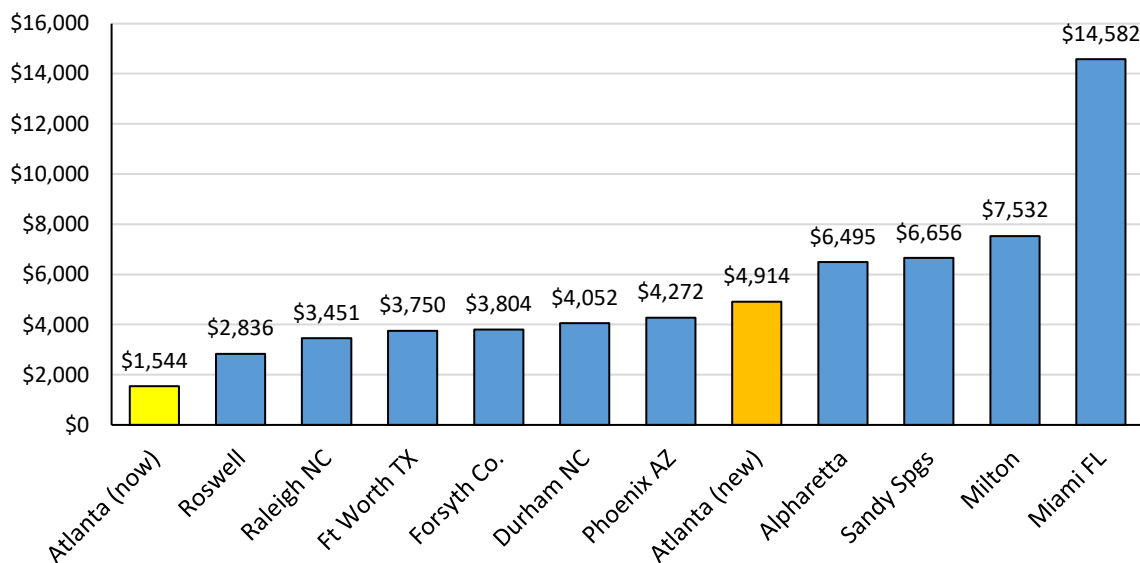
Source: Potential fees from Table 24 (transportation), Table 39 (parks), Table 48, (fire), and Table 58 (police); percent change from current fees from Table 1 (commercial/office fees for 100,000 square foot development, park fees for Northside service area).

In addition to the percentage change, it is also useful to look at the absolute amount of the fee change, especially when starting from a low base amount. For example, the maximum increase for a single-family unit would be about \$3,400, or slightly more than 1% of the average sales price in Atlanta (\$322,000 in March 2020 according to [redfin.com](https://www.redfin.com)). Similarly, the increase for retail would be less than \$4 per sq. ft. for a 100,000 sq. ft. shopping center, or about 1% of the average cost per sq. ft. for a regional mall in Atlanta (range of \$377-\$422 in 2019 from [ccorpusa.com](https://www.ccorpusa.com)).

Comparative Fees

It is natural to be interested in how Atlanta's impact fees compare to nearby or comparable jurisdictions, but it should be kept in mind that impact fee differentials are not likely to have much effect on the City's ability to attract new development. Total non-utility fees for a typical single-family detached home are illustrated in Figure 1 for five nearby jurisdictions and five peer cities. In general, the updated fees would move Atlanta from the lower end to more mid-range fees. More detailed fee comparisons for these ten other jurisdictions are provided in Appendix G.

Figure 1. Single-Family Fees, Atlanta and Comparison Jurisdictions



Implementation Options

Atlanta's City Council could consider phasing the updated fees in over time, and/or adopting them at a less than the maximum fees calculated in this report. With any of these implementation options, the adopted fees should be based on a percentage of the updated fees that applies to all land use types for a given fee type and service area, in order to ensure that the fees are based on the updated study and retain the proportionality to the impact of the development. For example, the adopted fees should not be based on a percentage increase from current fees, because that would retain the proportionality between land uses from the 1993 study. Nor should the adoption percentage be different for different land use types, because that would weaken the nexus between the fee amount and the demand generated by the development. An example of the recommended approach to adopting lower impact fee rates and/or phasing them in over time is provided in Appendix H at the end of this report.